



BBC NEWS

MAGAZINE

20 January 2012 Last updated at 12:29 ET

Is capitalism under attack in the 2012 Republican race?

By Daniel Nasaw

BBC News Magazine, Washington

Republican presidential contender Mitt Romney's supporters say attacks on his business record amount to a treacherous attack on American free market capitalism. Are they right?

In the build-up to the South Carolina primary on Saturday, Mr Romney's wealth and business background have themselves become a campaign issue.

Before attention shifted to how much tax he pays, the spotlight was on how he became one of the wealthiest Americans ever to run for president by buying and selling companies at the helm of private equity company Bain Capital.

His chief opponent, Newt Gingrich, has sought to turn Mr Romney's experience in the vaunted private sector into a liability.

The arch-conservative former House Speaker has accused him of wrecking companies and laying off workers while reaping huge profits.

Critics of Mr Gingrich say his attacks at Mr Romney's record smacked of opportunism: having performed poorly in the voting in Iowa and New Hampshire, he reached for a populist line of attack against his chief rival.

"This is the sort of criticism of dynamic market capitalism that you expect to hear from Democrats and you don't expect to hear it from Republicans," says David Boaz, executive vice-president of the Cato Institute, a libertarian-conservative thinktank.

But the fact Mr Gingrich thought the blows would land lay bare the extent to which the left-leaning Occupy Wall Street movement and the conservative Tea Party movement have made voters increasingly aware of growing income inequality, class division, and the disconnect between Wall Street and Main Street in America, analysts say.

"It's been unleashed - a critique of financial power - that we haven't seen in a long, long time in this country," says Doug Henwood, editor of the Left Business Observer.

"Gingrich is trying to take advantage of that."

With a near-win in the Iowa caucuses and a resounding one the following week in New Hampshire, Mr Romney, the former Massachusetts governor, appears to be steamrolling his way toward the Republican nomination.

In an effort to slow or halt him, Mr Gingrich's supporters last week began airing explicit criticisms of Mr Romney's former company, Bain Capital.

Mr Gingrich has said the firm left companies it acquired in debt and laid off workers.

And a superPac funded by Gingrich supporters bankrolled [a 28-minute attack advert](#) featuring downtrodden working-class people sacked "when Mitt Romney came to town".

News media noted the film was laden with misleading and exaggerated claims, and several days after its release, Mr Gingrich asked the superPac to "edit out every single mistake or to pull the entire film".

Texas Governor Rick Perry, before he dropped out of the race on Thursday, referred to Mr Romney as a "vulture capitalist" who destroyed jobs and shut down plants.

Mr Romney's supporters leapt to his defence, equating attacks on his business practices with

criticism of American capitalism itself.

"It's a sad day in South Carolina and across this country if Republicans are talking against the free market," said South Carolina Governor Nikki Haley.

Democrats remain quiet

Some conservative analysts and economic thinkers not affiliated with Mr Romney's presidential bid think that an attack on private equity is an attack on American capitalism.

"When you attack the idea of private equity, of the idea of buying companies, squeezing the inefficiencies out of them, which unfortunately means downsizing their labour force," says Mr Boaz, "then you are attacking the essence of the free-market process."

Mr Gingrich, meanwhile, says he is merely raising questions about Bain Capital's business model, and rejects criticism he is questioning the capitalism itself.

"That's not an issue about the whole capitalist system," he said on Fox News last week. "That is a question about a very particular style of activity... Remember, we're not talking about the system."

Mr Romney's defenders say Mr Gingrich is doing President Barack Obama and the Democrats' dirty work for them - and they are right, Mr Henwood says.

"Nobody in the Obama campaign would dare say something like that," Mr Henwood says, for fear of alienating potential campaign contributors on Wall Street.

"There's no room for that in presidential politics in the Democratic party, so it's up to Gingrich, who at this point has nothing to lose."

Tea Party role

Economic and political theorists on the left credit the Occupy Movement with exposing class conflict in America and making the electorate more receptive to Mr Gingrich's message.

Also last year, American labour unions showed new life by opposing efforts in several states to restrict their collective bargaining ability. Americans were treated to images of ordinary-looking middle class workers crowding into state capitals to protest.

"Occupy with its brazenness uncovered what was a deep malaise running right through

American society but was not articulated very well," said Leo Panitch, a political scientist at York University in Toronto who has written about global capitalism and the American economy.

"There were elements of the Tea Party who were obviously anti-finance, anti-Wall Street, anti-corporate raider. But that could never get articulated very clearly by the right-wing radio hosts that were pumping up Tea Party people.

"What was introduced by Occupy was an explicit class discourse in American politics."

Mr Gingrich is also trying to take advantage of what leftist political theorist Frances Fox Piven describes as the "unnatural" coalition that forms the Republican party base - big business and culturally conservative white working and middle-class voters.

"The party is a patch work, it is an agglomeration of unlikely allies, and this is a sign of it," says Ms Piven, a distinguished professor of political science and sociology at the City University of New York Graduate Center.

That tension - shown in the reluctance this year of many Tea Party Republicans and social conservatives to vote for Mr Romney - allows a candidate like Mr Gingrich to appeal to class divide.

"Gingrich is taking the temperature of the market," said Dean Baker, co-director at the Center for Economic and Policy Research in Washington.

"If nothing else, he's a very shrewd politician. He did this with a pretty good idea that there would be resonance."

Meanwhile, little in Mr Gingrich's record suggests that if elected, he will push for economic policies that would make it any harder for private equity companies to shut plants and sack workers.

The former House speaker has not, for instance, called for greater worker protection, strengthened union laws, or tax policies favouring wage earnings over investment income.

"In 2013, when Newt Gingrich comes to an American Enterprise Institute seminar on getting the US economy under way again," says Mr Boaz, "he is not going to say that the solution is to stop vulture capitalism."



BBC © 2012 [The BBC is not responsible for the content of external sites. Read more.](#)